By Copy

13 CV 002617

STATE OF NORTH CAROLINA

File No.

New Hanover County

In The General Court of Justice
☐ District ☒ Superior Court Division

Name of Plaintiff Martin W. Brittingham , et al.	**CIVIL SUMMONS**
Address	☐ **ALIAS AND PLURIES SUMMONS (ASSESS FEE)**
City, State, Zip	G.S. 1A-1, Rules 3, 4
VERSUS	
Name of Defendant(s) Empowered Investor Incorporated, James Daryl Upham, and Thomas C. Goolsby	*Date Original Summons Issued* *Date(s) Subsequent Summon(es) Issued*

To Each Of The Defendant(s) Named Below:

Name And Address of Defendant 1 Empowered Investor Incorporated c/o Thomas C. Goolsby, Registered Agent 212 Walnut Street Suite 100 Wilmington, NC 28401	*Name And Address of Defendant 2*

A TRUE COPY
CLERK OF SUPERIOR COURT
NEW HANOVER COUNTY
BY: Julie R. Foss
Deputy Clerk of Superior Court

A Civil Action Has Been Commenced Against You!

You are notified to appear and answer the complaint of the plaintiffs as follows:

1. Serve a copy of your written answer to the complaint upon the plaintiffs or plaintiffs' attorneys within thirty (30) days after you have been served. You may serve your answer by delivering a copy to the plaintiffs or by mailing it to the plaintiffs' last known address, and

2. File the original of the written answer with the Clerk of Superior Court of the county named above.

If you fail to answer the complaint, the plaintiff will apply to the Court for the relief demanded in the complaint.

Name And Address of Plaintiff's Attorney (If None, Address of Plaintiff) H. Mitchell Baker, III Baker & Slaughter, P.A. 705 Princess Street Wilmington, NC 28401	*Date Issued* 7.10.13	*Time* 10:15 ☒ AM ☐ PM
	Signature Julie R. Foss	
	☒ Deputy CSC ☐ Assistant CSC ☐ Clerk of Superior Court	

ENDORSEMENT (ASSESS FEE)
This Summons was originally issued on the date indicated above and returned not served. At the request of the plaintiff, the time within which this Summons must be served is extended sixty (60) days.

Date of Endorsement	*Time* ☐ AM ☐ PM
Signature	
☐ Deputy CSC ☐ Assistant CSC ☐ Clerk of Superior Court	

NOTE TO PARTIES: *Many counties have **MANDATORY ARBITRATION** programs in which most cases where the amount in controversy is $15,000 or less are heard by an arbitrator before a trial. The parties will be notified if this case is assigned for mandatory arbitration, and, if so, what procedure is to be followed.*

(Over)

13 CVS 002617

STATE OF NORTH CAROLINA

File No.

New Hanover County

In The General Court of Justice
☐ District ☒ Superior Court Division

Name of Plaintiff	
Martin W. Brittingham , et al.	
Address	**CIVIL SUMMONS**
City, State, Zip	☐ ALIAS AND PLURIES SUMMONS (ASSESS FEE)
VERSUS	G.S. 1A-1, Rules 3, 4
Name of Defendant(s)	Date Original Summons Issued
Empowered Investor Incorporated, James Daryl Upham, and Thomas C. Goolsby	Date(s) Subsequent Summon(es) Issued

To Each Of The Defendant(s) Named Below:

Name And Address of Defendant 1	Name And Address of Defendant 2
Thomas C. Goolsby 212 Walnut Street Suite 100 Wilmington, NC 28401	

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CLERK OF SUPERIOR COURT
NEW HANOVER COUNTY
BY: Julie R. Foss
Deputy Clerk of Superior Court

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If you fail to answer the complaint, the plaintiffs will apply to the Court for the relief demanded in the complaint.

Name And Address of Plaintiff's Attorney (If None, Address of Plaintiff)	Date Issued	Time
H. Mitchell Baker, III Baker & Slaughter, P.A. 705 Princess Street Wilmington, NC 28401	7.10.13	10:15 ☒ AM ☐ PM
	Signature: Julie R. Foss	
	☒ Deputy CSC ☐ Assistant CSC ☐ Clerk of Superior Court	

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(Over)

13 CVS 002617

STATE OF NORTH CAROLINA

File No.

New Hanover County

In The General Court of Justice
☐ District ☒ Superior Court Division

Name of Plaintiff
Martin W. Brittingham , et al.

Address

City, State, Zip

VERSUS

Name of Defendant(s)
Empowered Investor Incorporated, James Daryl Upham, and Thomas C. Goolsby

CIVIL SUMMONS

☐ **ALIAS AND PLURIES SUMMONS (ASSESS FEE)**

G.S. 1A-1, Rules 3, 4

Date Original Summons Issued

Date(s) Subsequent Summon(es) Issued

To Each Of The Defendant(s) Named Below:

Name And Address of Defendant 1
James Daryl Upham
1908 Eastwood Road
Suite 320
Wilmington, NC 28403

Name And Address of Defendant 2

A TRUE COPY
CLERK OF SUPERIOR COURT
NEW HANOVER COUNTY
BY: Julie R. Foss
Deputy Clerk of Superior Court

A Civil Action Has Been Commenced Against You!

You are notified to appear and answer the complaint of the plaintiffs as follows:

1. Serve a copy of your written answer to the complaint upon the plaintiffs or plaintiffs' attorneys within thirty (30) days after you have been served. You may serve your answer by delivering a copy to the plaintiffs or by mailing it to the plaintiffs' last known address, and

2. File the original of the written answer with the Clerk of Superior Court of the county named above.

If you fail to answer the complaint, the plaintiffs will apply to the Court for the relief demanded in the complaint.

Name And Address of Plaintiff's Attorney (If None, Address of Plaintiff)
H. Mitchell Baker, III
Baker & Slaughter, P.A.
705 Princess Street
Wilmington, NC 28401

Date Issued 7.10.13 *Time* 10:15 ☒ AM ☐ PM

Signature Julie R. Foss

☒ *Deputy CSC* ☐ *Assistant CSC* ☐ *Clerk of Superior Court*

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Signature

☐ *Deputy CSC* ☐ *Assistant CSC* ☐ *Clerk of Superior Court*

NOTE TO PARTIES: *Many counties have **MANDATORY ARBITRATION** programs in which most cases where the amount in controversy is $15,000 or less are heard by an arbitrator before a trial. The parties will be notified if this case is assigned for mandatory arbitration, and, if so, what procedure is to be followed.*

(Over)

13 CVS 002617

NORTH CAROLINA

NEW HANOVER COUNTY

FILED
2013 JUL 10 AM 10:17
NEW HANOVER COUNTY, C.S.C.
BY _____

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
FILE #:

MARTIN W. BRITTINGHAM, and wife DEBORAH A. BRITTINGHAM; JAMES E. CURLEY and wife, CYNTHIA J. CURLEY; DOUGLAS J. CURLEY; ALAN B. HUGHES and wife, DEBRA C. HUGHES; WENDY P. JAMES; PHILIP W. STOPHEL and wife, BRENDA F. STOPHEL,
Plaintiffs,

vs.

EMPOWERED INVESTOR INCORPORATED, THOMAS C. GOOLSBY, and JAMES DARYL UPHAM,
Defendants.

COMPLAINT
(Arbitration Demanded)

A TRUE COPY
CLERK OF SUPERIOR COURT
NEW HANOVER COUNTY
BY: Julie R. Foss
Deputy Clerk of Superior Court

Plaintiffs, complaining of Defendants, allege the following:

GENERAL FACTUAL ALLEGATIONS

1. Plaintiffs Martin W. and Deborah A. Brittingham ("Brittinghams") are residents of New Hanover County, North Carolina.

2. Plaintiffs James E. and Cynthia J. Curley are residents of New Hanover County, North Carolina.

3. Plaintiffs Douglas J. Curley is the son of James E. and Cynthia J. Curley ("Curleys") and is a resident of Wake County, North Carolina.

4. Plaintiffs Alan B. and Debra C. Hughes ("Hughes") are residents of New Hanover County, North Carolina.

5. Plaintiff Wendy P. James is a resident of New Hanover County, North Carolina.

6. Plaintiffs Philip W. and Brenda F. Stophel ("Stophels") are residents of New Hanover County, North Carolina.

7. Upon information and belief, Defendant Empowered Investor Incorporated ("Empowered Investor") is a North Carolina corporation duly licensed and doing business in the State of North Carolina and is an investment adviser registered with the State of North Carolina pursuant to the North Carolina Investment Advisers Act.

8. Upon information and belief, Defendant James Daryl Upham is a resident of New Hanover County, North Carolina and is an owner, partner, director, and/or officer of Defendant Empowered Investor.

9. Upon information and belief, Defendant Thomas C. Goolsby is a resident of New Hanover County, North Carolina and is an owner, partner, director, and/or officer of Defendant Empowered Investor.

10. At all times alleged herein, Defendant Upham was a registered investment adviser and/or was registered with Defendant Empowered Investor as its investment adviser representative pursuant to the North Carolina Investment Advisers Act.

11. At all times alleged herein, Defendants Goolsby and Upham were acting as an officer, agent, and/or employee of Defendant Empowered Investor and were acting within the course and scope of said office, agency, and/or employment.

12. Defendant Empowered Investor, through Defendants Goolsby and Upham, held itself out as providing investment advisory services and portfolio management services to clients which included directly investing clients' assets in various securities.

13. Defendant Empowered Investor, through Defendants Goolsby and Upham, represented to potential clients, including Plaintiffs, that it provided investment and management

services for retirement accounts, including but not limited to individual retirement accounts (IRAs), simplified employee pension plans (SEPs), 457 plans, and 401ks.

14. Defendant Empowered Investor, through Defendants Goolsby and Upham, represented to potential clients, including Plaintiffs, that the business practices of Defendant Empowered Investor emphasized "continuous and regular account supervision." Defendants Goolsby and Upham further represented that an individualized portfolio would be created for each client and that each portfolio would be designed to meet the client's investment goals, which Defendants Goolsby and Upham determined to be suitable to the client's circumstances. Defendants also represented to clients that the individual portfolio would be reviewed at least quarterly to ensure it still met the client's individual needs, goals, and objectives. See Empowered Investor Incorporated Firm Brochure at p. 4 attached hereto as Exhibit A.

15. Defendant Empowered Investor, through Defendants Goolsby and Upham, represented to potential clients, including Plaintiffs, that Defendant Empowered Investor's approach consisted of investing in simple, liquid investments while following a set of rules or strategy which took emotion out of investing; this was known by the motto "Simplicity, Liquidity, Consistency."

16. Defendant Empowered Investor, through Defendants Goolsby and Upham, represented to potential clients, including Plaintiffs, that it took any emotion out of investing by always following the "10-20-50" rule whereby it always sold an investment if its value decreased by 10%, it looked for any and every reason to sell an investment if its value increased by 20%, and it never invested more than 50% of an account in the market at one time.

17. Defendant Empowered Investor, through Defendants Goolsby and Upham, represented to potential clients, including Plaintiffs, that it in no way engaged in "day trading" with its clients' accounts.

18. Defendant Empowered Investor, through Defendants Goolsby and Upham, represented to potential clients, including Plaintiffs, that through the type of liquid investments it was purchasing for clients and by following its investment strategy, including the 10-20-50 rule, it was able to make money "whether the market [was] moving up, down, or sideways." See Defendant Empowered Investor's website attached hereto as Exhibit B.

19. Defendants Goolsby and Upham hosted numerous radio shows and seminars in which the above-referenced representations regarding Defendant Empowered Investor and its investment strategy were made to potential clients, including Plaintiffs.

20. Once potential clients, including Plaintiffs, entered into portfolio management agreements with Defendant Empowered Investor, Defendants moved the clients' outside accounts to a brokerage firm, such as TD Ameritrade or BrokerXpress, to be managed by Defendants; the majority of these outside accounts were retirement and savings accounts which contained conservative, long-term investments.

21. After the aforementioned accounts were transferred, Defendants Goolsby and Upham quickly sold all of the clients' prior holdings and began purchasing speculative, high-risk, and volatile investments for their clients. This was referred to by Defendants as "cleaning out the accounts."

22. Defendant Empowered Investor, through Defendants Goolsby and Upham, then engaged in "short-term trading" in its clients' accounts, which included mainly retirement

accounts, in that investments or positions in these retirement and savings accounts were bought and sold in short periods of time, typically a few days to a few weeks.

23. Defendant Empowered Investor, through Defendants Goolsby and Upham, managed each of its clients' accounts and investments in nearly the exact same manner and without regard to the individual client's goals, needs, and/or risk tolerance; this was not in line with the representations made in the Defendant Empowered Investor Incorporated Firm Brochure at p. 4 attached hereto as Exhibit A.

24. Defendant Empowered Investor, through Defendants Goolsby and Upham, invested its clients' funds in stocks, call options, put options, and ETFs.

25. Defendant Empowered Investor, through Defendants Goolsby and Upham, failed to follow its own "10-20-50" rule in that numerous call and put options were not sold once they incurred a 10% loss but were instead allowed to expire, other stocks and securities were allowed to incur losses much greater than 10% before being sold, and investments that began demonstrating gains were sold quickly, well before any meaningful gains were realized.

26. The conduct of Defendants, as described herein, resulted in substantial losses to their clients' accounts, including all of Plaintiffs' accounts.

FACTUAL ALLEGATIONS OF MARTIN W. AND DEBORAH A. BRITTINGHAM

27. The allegations of Paragraphs 1 through 26 of Plaintiffs' Complaint are incorporated herein by reference.

28. The Brittinghams became clients of Defendant Empowered Investor in January, 2011 and agreed to have Defendant Empowered Investor, through Defendants Goolsby and Upham, provide individualized investment advice and comprehensive portfolio management services in exchange for an annual 2% fee of the assets managed. Defendant Empowered

Investor assumed discretionary investment and reinvestment authority over the Brittinghams' accounts.

29. The Brittinghams first heard of Defendant Empowered Investor through Defendants Goolsby's and Upham's weekly, hour-long radio show. During the radio shows, representations regarding Defendants' investment approach and strategy, as described herein, were communicated to them. Defendants' investment approach and strategy seemed conservative and reasonable to the Brittinghams.

30. At various times in January and February, 2011, the Brittinghams transferred the following accounts to TD Ameritrade to be managed by Defendant Empowered Investor:

a. Brittingham trust account, opening account value of $150,828.36;

b. Martin Brittingham IRA, opening account value of $67,342.35;

c. Martin Brittingham ROTH IRA, opening account value of $10,202.58; and

d. Deborah Brittingham ROTH IRA, opening account value of $9,546.26.

31. At the time of transfer, the Brittinghams' accounts contained mostly long-term, conservative investments such as dividend generating stocks and mutual funds as well as a sizable cash position.

32. Martin Brittingham informed Defendant Upham that he wanted each of the Brittinghams' accounts handled conservatively and that he and his wife's goal was to eventually make enough on their returns to pay off their house in Wilmington, North Carolina.

33. Martin and Deborah Brittingham were 56 and 54 years old respectively when they became clients of Defendant Empowered Investor.

34. Once the Brittinghams transferred the management of their accounts to Defendants, all prior holdings in the accounts were quickly sold.

35. Defendant Empowered Investor, through Defendants Goolsby and Upham, then began to engage in numerous short-term trades which included the purchase of highly speculative and volatile investments such as call and put option contracts and ETFs that used derivatives to seek results that were the inverse of certain indices.

36. Defendants Goolsby and Upham routinely failed to follow Defendant Empowered Investor's 10-20-50 rule by failing to sell positions once their value decreased by 10%, allowing numerous options to expire, and quickly selling positions that were demonstrating gains.

37. Defendants Goolsby and Upham allowed numerous options in the Brittinghams' accounts to expire worthless or decrease substantially in value before being sold.

38. Defendants Goolsby and Upham allowed certain stocks in the Brittinghams' accounts to decrease substantially in value before being sold.

39. The Defendants' conduct as described herein caused the Brittinghams' accounts to incur substantial losses.

40. In August, 2011, Martin Brittingham questioned Defendants' investment strategy as the Brittinghams' accounts were incurring substantial losses. Defendant Upham told Martin Brittingham to "stay the course" as large market swings were typical and that things would get better in the near future.

41. The Brittinghams' accounts continued to incur substantial losses, and between April and May, 2012, the Brittinghams closed all of their accounts with Defendant Empowered Investor.

42. The Brittinghams' accounts had the following closing values when the management of the accounts was transferred from Defendant Empowered Investor:

a. The Brittingham trust account had a closing value of $99,746.01; a loss of 33.87% from the opening value of $150,828.36;

b. Martin Brittingham's IRA had a closing value of $53,577.29; a loss of 20.44% from the opening value of $67,342.35;

c. Martin Brittingham's ROTH IRA had a closing value of $2,136.75; a loss of 79.06% from the opening value of $10,202.58; and

d. Deborah Brittingham's ROTH IRA had a closing value of $1,686.47; a loss of 82.33% from the opening value of $9,546.26.

43. The Brittinghams did not make any withdrawals from their accounts while the accounts were managed by Defendant Empowered Investor.

44. During the time period in which the Brittinghams were with Defendant Empowered Investor and their losses were incurred, the stock market was steadily going up. From January, 2011 to April, 2011, the S&P 500 increased by approximately 5%.

FACTUAL ALLEGATIONS OF JAMES E., CYNTHIA J., AND DOUGLAS J. CURLEY

45. The allegations of Paragraphs 1 through 44 of Plaintiffs' Complaint are incorporated herein by reference.

46. The Curleys became clients of Defendant Empowered Investor in August, 2011 and agreed to have Defendant Empowered Investor, through Defendants Goolsby and Upham, provide individualized investment advice and comprehensive portfolio management services in exchange for an annual 2% fee of the assets managed. Defendant Empowered Investor assumed discretionary investment and reinvestment authority over the Curleys' accounts.

47. James Curley first heard of Defendant Empowered Investor through Defendants Goolsby's and Upham's weekly, hour-long radio show. During the radio shows, representations

regarding Defendants' investment approach and strategy, as described herein, were communicated to James Curley. Defendants' investment approach and strategy seemed conservative and reasonable to the Curleys.

48. In February, 2010, James Curley first met with Defendant Upham at Defendant Goolsby's law office in Wilmington, North Carolina.

49. James Curley then continued to listen to Defendants' radio show regularly for a full year to affirm his belief that Defendants' investment approach was sensible and responsible for his and his family's retirement portfolio.

50. James Curley met with Defendant Upham two more times in the summer of 2011 at Defendant Empowered Investor's office. At these meetings, James Curley told Defendant Upham that he did not want to risk his and his family's retirement savings on risky, untested strategies or speculative investments.

51. In August, 2011, James Curley met with Defendant Upham one more time prior to opening accounts with BrokersXpress to be managed by Defendant Empowered Investor; there, Defendant Upham assured James Curley that his retirement portfolio would be invested in a responsible and non-risky manner.

52. Based upon Defendants' assurances and representations, the Curleys transferred the following accounts to BrokersXpress to be managed by Defendant Empowered Investor at various times between August and November, 2011; Doug Curley's account was transferred in January, 2012:

a. Cynthia Curley's IRA, opening account value of $79,020.62;

b. Cynthia Curley's ROTH IRA, opening account value of $40,956.06;

c. Cynthia Curley's SEP IRA, opening account value of $3,650.58;

d. James Curley's SEP IRA, opening account value of $15,850.11;

e. James Curley's IRA, opening account value of $55,009.19;

f. James Curley's ROTH IRA, opening account value of $36,954.85;

g. James Curley's individual account, opening account value of $3,000.01; and

h. Doug Curley's ROTH IRA, opening account value of $1,000.00.

53. At the time of transfer, the Curleys' accounts contained long-term, conservative investments such as mutual funds and blue-chip stocks.

54. The Curleys had no experience investing in call and put option contracts or investments that shorted the market, and the risks involved with these types of investments were never disclosed to them by Defendants.

55. James, Cynthia, and Doug Curley were 52, 54, and 22 years old respectively when they became clients of Defendant Empowered Investor.

56. Once the Curleys transferred the management of their accounts to Defendants, all prior holdings in the accounts were quickly sold.

57. Defendant Empowered Investor, through Defendants Goolsby and Upham, then began to engage in numerous short-term trades which included the purchase of highly speculative and volatile investments such as call and put option contracts and ETFs that used derivatives to seek results that were the inverse of certain indices.

58. Defendants Goolsby and Upham routinely failed to follow Defendant Empowered Investor's 10-20-50 rule by failing to sell positions once their value decreased by 10%, allowing numerous options to expire, and quickly selling positions that were demonstrating gains.

59. Defendants Goolsby and Upham allowed numerous options in the Curleys' accounts to expire worthless or decrease substantially in value before being sold.

60. Defendants Goolsby and Upham allowed certain stocks in the Curleys' accounts to decrease substantially in value before being sold.

61. The Defendants' conduct as described herein caused the Curleys' accounts to incur substantial losses.

62. In March, 2012, James Curley questioned Defendants' investment strategy as the Curleys' accounts were incurring substantial losses. Defendant Upham told James Curley that Defendant Upham had been in James Curleys' position before and had gotten out of it as early as the very next quarter. Defendant Upham further informed James Curley that Defendant Empowered Investor's option trading strategy was not working but they had some positions that Defendant Upham believed would increase soon and recoup much of the Curleys' losses.

63. The Curleys' accounts continued to incur substantial losses and in July and August, 2012, the Curleys transferred the management of all of their accounts from Defendant Empowered Investor.

64. The Curleys' accounts had the following closing values when the management of the accounts was transferred from Defendant Empowered Investor:

a. Cynthia Curley's IRA had a closing value of $62,497.46; a loss of 20.91% from the opening value of $79,020.62;

b. Cynthia Curley's ROTH IRA had a closing value of $10,594.09; a loss of 74.13% from the opening value of $40,956.06;

c. Cynthia Curley's SEP IRA had a closing value of $153.61; a loss of 95.79% from the opening value of $3,650.58;

d. James Curley's SEP IRA had a closing value of $11,250.09; a loss of 29.02% from the opening value of $15,850.11;

e. James Curley's IRA had a closing value of $39,791.80; a loss of 27.66% from the opening value of $55,009.19;

f. James Curley's ROTH IRA had a closing value of $10,214.41; a loss of 72.36% from the opening value of $36,954.85;

g. James Curley's individual account had a closing value of $526.43; a loss of 82.45% from the opening value of $3,000.01; and

h. Doug Curley's ROTH IRA had a closing value of $290.71; a loss of 70.93% from the opening value of $1,000.00.

65. The Curleys did not make any withdrawals from their accounts while the accounts were managed Defendant Empowered Investor.

66. During the time period in which the Curleys' accounts were managed by Defendant Empowered Investor and their losses were incurred, the stock market was steadily going up. From August, 2011 to August, 2012, the S&P 500 increased by approximately 16%.

FACTUAL ALLEGATIONS OF ALAN B. AND DEBRA C. HUGHES

67. The allegations of Paragraphs 1 through 66 of Plaintiffs' Complaint are incorporated herein by reference.

68. The Hughes became clients of Defendant Empowered Investor in November, 2011 and agreed to have Defendant Empowered Investor, through Defendants Goolsby and Upham, provide individualized investment advice and comprehensive portfolio management services in exchange for an annual 2% fee of the assets managed. Defendant Empowered Investor assumed discretionary investment and reinvestment authority over the Hughes' accounts.

69. Alan Hughes first heard of Defendant Empowered Investor through a friend who had known Defendant Upham when Defendant Upham previously worked at Wells Fargo. Alan Hughes then began listening to Defendants Goolsby's and Upham's weekly, hour-long radio show. During the radio shows, representations regarding Defendants' investment approach and strategy, as described herein, were communicated to Alan Hughes. Defendants' investment approach and strategy seemed conservative and reasonable to Alan Hughes.

70. The Hughes then met with Defendant Upham and, based upon the aforementioned assurances and representations, transferred the following accounts to BrokersXpress to be managed by Defendant Empowered Investor in November, 2011:

a. Alan Hughes's individual account, opening account value of $137,462.80;

b. Alan Hughes's SEP IRA, opening account value of $95,109.51;

c. Alan Hughes's IRA, opening account value of $27,983.45;

d. Debra Hughes's SEP IRA, opening account value of $7,635.15; and

e. Debra Hughes's IRA, opening account value of $35,273.04.

71. At the time of transfer, the Hughes' accounts contained long-term, conservative investments such as mutual funds and stocks.

72. The Hughes had no experience investing in call and put option contracts or investments that shorted the market, and the risks involved with these types of investments were never disclosed to them by Defendants.

73. Alan and Debra Hughes were 61 and 53 years old respectively when they became clients of Defendant Empowered Investor.

74. Once the Hughes transferred the management of their accounts to Defendants, all prior holdings in the accounts were quickly sold.

75. Defendant Empowered Investor, through Defendants Goolsby and Upham, then began to engage in numerous short-term trades which included the purchase of highly speculative and volatile investments such as call and put option contracts and ETFs that used derivatives to seek results that were the inverse of certain indices.

76. Defendants Goolsby and Upham routinely failed to follow Defendant Empowered Investor's 10-20-50 rule by failing to sell positions once their value decreased by 10%, allowing numerous options to expire, and quickly selling positions that were demonstrating gains.

77. Defendants Goolsby and Upham allowed numerous options in the Hughes' accounts to expire worthless or decrease substantially in value before being sold.

78. Defendants Goolsby and Upham allowed certain stocks in the Hughes' accounts to decrease substantially in value before being sold.

79. The Defendants' conduct as described herein caused the Hughes' accounts to incur substantial losses.

80. Debra Hughes transferred the management of her SEP IRA account from Defendant Empowered Investor in April, 2012, and the Hughes transferred the management of all other accounts from Defendant Empowered Investor in July, 2012.

81. The Hughes' accounts had the following closing values when the management of the accounts was transferred from Defendant Empowered Investor:

a. Alan Hughes's individual account had a closing value of $84,734.79; a loss of 38.36% from the opening value of $137,462.80;

b. Alan Hughes's SEP IRA had a closing value of $78,299.47; a loss of 17.67% from the opening value of $95,109.51;

c. Alan Hughes's IRA had a closing value of $9,773.55; a loss of 65.07% from the opening value of $27,983.45;

d. Debra Hughes's SEP IRA had a closing value of $1,070.24; a loss of 85.98% from the opening value of $7,635.15; and

e. Debra Hughes's IRA had a closing value of $12,939.77; a loss of 63.32% from the opening value of $35,273.04.

82. The Hughes did not make any withdrawals from their accounts while the accounts were managed by Defendant Empowered Investor.

83. During the time period in which the Hughes' accounts were managed by Defendant Empowered Investor and their losses were incurred, the stock market was steadily going up. From November, 2011 to July, 2012, the S&P 500 increased by approximately 10%.

FACTUAL ALLEGATIONS OF WENDY JAMES

84. The allegations of Paragraphs 1 through 83 of Plaintiffs' Complaint are incorporated herein by reference.

85. Wendy James became a client of Defendant Empowered Investor in April, 2011 and agreed to have Defendant Empowered Investor, through Defendants Goolsby and Upham, provide individualized investment advice and comprehensive portfolio management services to her in exchange for an annual 2% fee of the assets managed. Defendant Empowered Investor also assumed discretionary investment and reinvestment authority over Wendy James's accounts.

86. Prior to becoming a client of Defendant Empowered Investor, Wendy James had invested money each year from 2000 to 2011 in her ROTH IRA with Edward Jones. Wendy James had been a stay at home mother working part-time since 2003. Wendy James faithfully contributed money each year to this ROTH IRA to save for her retirement.

87. Wendy James had first heard of Defendant Empowered Investor through Defendants Goolsby's and Upham's weekly, hour-long radio show. During the radio shows, representations regarding Defendants' investment approach and strategy, as set forth herein, were communicated to her. Defendants' investment approach and strategy seemed conservative and reasonable to Wendy James.

88. On or about March 25, 2011, Wendy James met with Defendant Upham to discuss transferring the management of her ROTH IRA to Defendant Empowered Investor. During this meeting they reviewed Wendy James's finances. Defendant Upham also confidently stated that he averaged a 10% return per account each year.

89. At or around this same time Wendy James paid a $150.00 consult fee via a personal check to Defendant Upham for a "comprehensive review of her financial status."

90. Wendy James transferred her ROTH IRA to TD Ameritrade to be managed by Defendant Empowered Investor on or about April 6, 2011 and made a $5,000.00 cash deposit to her ROTH IRA on April 1, 2011.

91. At the time it was transferred, Wendy James's ROTH IRA contained only conservative, long-term investments such as cash, stocks, and mutual funds.

92. Wendy James's ROTH IRA had an opening account value of $47,701.79 at the time its management was transferred to Defendant Empowered Investor.

93. Wendy James had limited experience investing in stocks and mutual funds and had never invested in call and put options or ETFs

94. The risks involved with call and put option contracts and investments which attempted to short the market were never disclosed to Wendy James by Defendants.

95. Wendy James was 39 years old when she became a client of Defendant Empowered Investor.

96. Once Wendy James transferred the management of her ROTH IRA to Defendants, all prior holdings in that account were quickly sold.

97. Defendant Empowered Investor, through Defendants Goolsby and Upham, then began to engage in numerous short-term trades which included the purchase of highly speculative and volatile investments such as call and put option contracts and ETFs that used derivatives to seek results that were the inverse of certain indices.

98. Defendants Goolsby and Upham routinely failed to follow Defendant Empowered Investor's 10-20-50 rule by failing to sell positions once their value decreased by 10%, allowing numerous options to expire, and quickly selling positions that were demonstrating gains.

99. Defendants Goolsby and Upham allowed numerous options in Wendy James's ROTH IRA to expire worthless or decrease substantially in value before being sold.

100. Defendants Goolsby and Upham allowed certain stocks in Wendy James's ROTH IRA to decrease substantially in value before being sold.

101. The Defendants' conduct as described herein caused the Wendy James's ROTH IRA to incur substantial losses.

102. Wendy James transferred the management of her ROTH IRA from Defendant Empowered Investor in March, 2012. Her ROTH IRA had been managed by Defendant Empowered Investor from April, 2011 to March, 2012.

103. Wendy James's ROTH IRA had a value of $23,746.98 at the time she left Defendant Empowered Investor, a decrease of 50.22% from the opening value of $47,701.79.

104. Wendy James did not make any withdrawals from her account while it was managed by Defendant Empowered Investor.

105. During the time period in which Wendy James's ROTH IRA was managed by Defendant Empowered Investor and the losses were occurred, the stock market was steadily going up. Between April, 2011 and on March, 2012, the S&P 500 increased by approximately 5%.

FACTUAL ALLEGATIONS OF PHILP AND BRENDA STOPHEL

106. The allegations of Paragraphs 1 through 105 of Plaintiffs' Complaint are incorporated herein by reference.

107. The Stophels became clients of Defendant Empowered Investor in May, 2011 and agreed to have Defendant Empowered Investor, through Defendants Goolsby and Upham, provide individualized investment advice and comprehensive portfolio management services in exchange for an annual 2% fee of the assets managed. Defendant Empowered Investor assumed discretionary investment and reinvestment authority over the Stophels' accounts.

108. The Stophels first heard of Defendant Empowered Investor through Defendants Goolsby's and Upham's weekly, hour-long radio show. During the radio shows, representations regarding Defendants' investment approach and strategy, as described herein, were communicated to the Stophels. Defendants' investment approach and strategy seemed conservative and reasonable to the Stophels.

109. The Stophels subsequently met with Defendant Upham to discuss having Defendant Empowered Investor manage their retirement accounts. Philip Stophel informed Defendant Upham that he wanted to transfer only $25,000.00 to be managed by Defendants to evaluate their performance before entrusting more money to Defendants. Defendant Upham told

Philip Stophel that $25,000 was too small of an amount to manage and convinced Philip Stophel to transfer a much larger portion of his retirement and savings. Defendant Upham also informed the Stophels that, due to their age, high-risk investments such as options were not appropriate for their accounts.

110. The Stophels transferred the following accounts to TD Ameritrade and BrokersXpress to be managed by Defendant Empowered Investor; the joint savings account was transferred to TD Ameritrade in May, 2011 and the two IRAs were transferred to BrokersXpress in November, 2011:

a. The Stophels' joint savings account, opening account value of $353,016.42;

b. Philip Stophel's IRA, opening account value of $19,347.83; and

c. Brenda Stophel's IRA, opening account value of $20,940.90.

111. At the time of transfer, the Stophels' accounts contained conservative, long-term investments such as mutual funds.

112. The Stophels had no experience investing in call and put option contracts, ETFs, or investments that shorted the market, and the risks involved with these types of investments were never disclosed to them by Defendants.

113. Philip and Brenda Stophel were 69 and 65 years old respectively when they became clients of Defendant Empowered Investor.

114. Once the Stophels transferred the management of their accounts to Defendants, all prior holdings in the accounts were quickly sold.

115. Defendants negligently designated the investment objective in each of the Stophels' accounts as market speculation without the Stophels' knowledge.

116. Defendant Empowered Investor, through Defendants Goolsby and Upham, then began to engage in numerous short-term trades which included the purchase of highly speculative and volatile investments such as call and put option contracts and ETFs that used derivatives to seek results that were the inverse of certain indices.

117. Defendants Goolsby and Upham routinely failed to follow Defendant Empowered Investor's 10-20-50 rule by failing to sell positions once their value decreased by 10%, allowing numerous options to expire, and quickly selling positions that were demonstrating gains.

118. Defendants Goolsby and Upham allowed numerous options in the Stophels' accounts to expire worthless or decrease substantially in value before being sold.

119. Defendants Goolsby and Upham allowed certain stocks in the Stophels' accounts to decrease substantially in value before being sold.

120. The Defendants' conduct as described herein caused the Stophels' accounts to incur substantial losses.

121. In March, 2012, Philip Stophel brought the substantial losses in the Stophels' accounts to the attention of Defendant Upham. Defendant Upham informed Philip Stophel that it was a mistake to have listed the Stophels' investment objective as market speculation and that he would change it. Defendant Upham also informed the Stophels that the market had not gone as expected and asked the Stophels to give Defendants two to three months to improve the Stophels' accounts.

122. The Stophels' accounts continued to incur substantial losses and in April, 2012, the Stophels closed all of their accounts with Defendant Empowered Investor.

123. The Stophels' accounts had the following closing values when the management of their accounts was transferred from Defendant Empowered Investor:

a. The Stophels' joint savings account had a closing value of $298,494.79. This was a $54,521.63 decrease in value from the opening balance of $353,016.42. The decrease in value was the result of $24,521.63, or 6.95%, in losses by Defendant Empowered Investor as well as $30,000.00 in withdrawals by the Stophels;

b. Philip Stophel's IRA had a closing value of $3,968.12; a loss of 79.49% from the opening value of $19,347.83; and

c. Brenda Stophel's IRA had a closing value of $16,718.32; a loss of 20.16% from the opening value of $20,940.90.

124. The Stophels withdrew $30,000 from their joint savings account while it was managed by Defendant Empowered Investor; this has been accounted for in determining the Stophels' losses for that account. The Stophels made no withdrawals from their two IRA accounts while they were managed by Defendant Empowered Investor.

125. During the time period in which the Stophels' accounts were managed by Defendant Empowered Investor and their losses were incurred, the stock market was steadily going up. While the Stophels' joint savings account was managed by Defendant Empowered Investor, the S&P 500 increased by approximately 2%; and, while the Stophels' IRA accounts were managed by Defendant Empowered Investor, the S&P 500 increased by approximately 10%.

FIRST CLAIM FOR RELIEF
(Negligence – Unsuitable Transactions and Investment Strategies)

126. The allegations of Paragraphs 1 through 125 of Plaintiffs' Complaint are incorporated herein by reference.

127. As Plaintiffs' investment advisers, Defendants owed Plaintiffs a duty to manage their investment accounts with the degree of care which an investment adviser of ordinary skill and prudence would exercise.

128. Defendants had a duty to use reasonable diligence to ascertain each Plaintiff's investment profile which included but was not limited to each Plaintiff's age, other investments, financial situation and needs, tax status, investment objectives (which may have included generating income, funding retirement, preserving wealth, or market speculation), investment experience, investment time horizon, liquidity needs, and risk tolerance.

129. Defendants had a duty to use an investment strategy that was suitable for each Plaintiff based on his/her investment profile.

130. Defendants had a duty to only recommend and execute trades that were suitable for each Plaintiff based on his/her investment profile.

131. Defendants committed the following negligent acts, errors or omissions in the course of rendering or failing to render professional services to Plaintiffs for compensation in Defendants' capacity as Plaintiffs' financial adviser:

a. Defendants failed to use reasonable diligence to ascertain each Plaintiff's investment profile;

b. Defendants used their discretionary authority over Plaintiffs' accounts to purchase highly volatile and speculative investments which were not suitable for Plaintiffs based on their individual investment profiles, these include but are not limited to the purchase of call and put options and exchange traded funds that use derivatives to seek results that are the inverse of certain indices;

c. Defendants engaged in short-term trading in Plaintiffs' accounts which was speculative and not a suitable investment strategy for Plaintiffs based on their individual investment profiles;

d. Defendants induced trading in Plaintiffs' accounts that was excessive in size and frequency in view of the financial resources, investment objectives, and character of the accounts; and

e. Defendants failed to properly monitor Plaintiffs' accounts which is evidenced, in part, by allowing numerous option contracts to expire worthless and allowing numerous options and stocks to decrease dramatically in value before being sold.

132. As a direct and proximate cause of Defendants' conduct, Plaintiffs suffered economic loss.

SECOND CLAIM FOR RELIEF
(Breach of Fiduciary Duty)

133. The allegations of Paragraphs 1 through 132 of Plaintiffs' Complaint are incorporated herein by reference.

134. Defendant Empowered Investor, Defendant Upham, and Defendant Goolsby held themselves out to Plaintiffs and the public as possessing knowledge, judgment, skill, and experience in researching, planning, recommending, making, and managing investments greatly superior to that of Plaintiffs and the public.

135. Because Plaintiffs lacked financial expertise, they placed their trust and confidence in Defendants to provide individualized investment advice and properly manage their investment accounts.

136. Defendants had discretionary authority over Plaintiffs' accounts; Defendants could, and did, buy and sell securities/investments without Plaintiffs' approval of each transaction.

137. At all relevant times, Defendants were fiduciaries and owed Plaintiffs the duties of utmost good faith, loyalty, and due care in managing their investment accounts. 18 N.C. Admin. Code 06A.1801(a) (2013).

138. As fiduciaries, Defendants had a duty to act primarily for the benefit of Plaintiffs. 18 N.C. Admin. Code 06A.1801(a) (2013).

139. Defendants breached their fiduciary duty and failed to act in the best interest of Plaintiffs by engaging in, *inter alia*, the acts as set forth herein which constitute negligent acts, errors or omissions in the course of rendering or failing to render professional services to Plaintiffs for compensation in Defendants' capacity as Plaintiffs' financial adviser .

140. As a direct and proximate cause of Defendants' conduct, Plaintiffs suffered economic loss.

THIRD CLAIM FOR RELIEF
(Negligent Misrepresentation)

141. The allegations of Paragraphs 1 through 140 of Plaintiffs' Complaint are incorporated herein by reference.

142. Defendants owed a duty to Plaintiffs, as prospective advisory clients, to truthfully and accurately represent the nature of the financial advisory services Defendants' offered. 18 N.C. Admin. Code 06A.1801(a)(8).

143. Defendants failed to use reasonable care in communicating the nature of their financial advisory services to Plaintiffs on Defendants' radio show, website, and during in-person meetings.

144. Defendants made the following negligent misrepresentations to Plaintiffs regarding the nature of the financial advisory services that Defendants offered:

a. That Plaintiffs' accounts would be managed in accordance with Defendants' "10-20-50" rule when Defendants failed to follow the rule;

b. That Defendants would make money in any market whether it was moving up, down, or sideways when Plaintiffs lost substantial sums of money even as the market was going up; and

c. That Defendants would purchase simple investments when, in fact, they purchased complicated and speculative investments including but not limited to call and put options and exchange traded funds that attempted to use derivatives to achieve the inverse results of various indices.

145. Said negligent misrepresentations constitute negligent acts, errors or omissions in the course of rendering or failing to render professional services to Plaintiffs.

146. Plaintiffs justifiably relied to their detriment on the negligent misrepresentations made by Defendants regarding the nature of Defendants' financial advisory services.

147. As a direct and proximate cause of Defendants' conduct, Plaintiffs suffered economic loss.

FOURTH CLAIM FOR RELIEF
(Violations of the North Carolina Investment Advisers Act, N.C. Gen. Stat. §§ 78C-8, 78C-38 and Accompanying Regulations)

148. The allegations of Paragraphs 1 through 147 of Plaintiffs' Complaint are incorporated herein by reference.

149. As an investment adviser registered with the State of North Carolina, Defendant Empowered Investor is subject to the provisions of the North Carolina Investment Advisers Act, N.C. Gen Stat. § 78C-1, *et seq*.

150. As an investment adviser representative registered with the State of North Carolina, Defendant Upham is subject to the provisions of the North Carolina Investment Advisers Act, N.C. Gen. Stat. § 78C-1, *et seq*.

151. The North Carolina Investment Advisers Act gives the North Carolina Secretary of State authority to make rules and regulations as necessary to carry out the provisions of Chapter 78C of the North Carolina General Statutes. N.C. Gen. Stat. § 78C-30(a) (2013).

152. Said rules and regulations must be necessary or appropriate in the public interest or for the protection of investors and clients. N.C. Gen. Stat. §78C-30(b) (2013).

153. North Carolina regulations provide that, as Plaintiffs' investment advisers, Defendants were Plaintiffs' fiduciaries and owed them a duty to act primarily for the benefit of Plaintiffs. 18 N.C. Admin. Code 06A.1801 (2013).

154. Defendants were engaged in the business of advising others for compensation, including Plaintiffs, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities.

155. Defendants received consideration from their clients, including Plaintiffs, for advice as to the value of securities or their purchase or sale.

156. Defendants provided investment supervisory, management, and/or consulting services to Plaintiffs.

157. Defendants violated N.C. Gen. Stat. §§ 78C-8(b) and 78C-38(a) by making the following untrue statements of material fact, or omissions of material fact necessary in order to

make the statements made, in light of the circumstances under which they were made, not misleading, to Plaintiffs on Defendants' radio show, website, and during in-person meetings while soliciting Plaintiffs as clients:

d. That Plaintiffs' accounts would be managed in accordance with Defendants' "10-20-50" rule when Defendants failed to follow the rule;

e. That Defendants would make money in any market whether it was moving up, down, or sideways when Plaintiffs lost substantial sums of money even as the market was going up; and

f. That Defendants would purchase simple investments when, in fact, they purchased complicated and speculative investments including but not limited to call and put options and exchange traded funds that attempted to use derivatives to achieve the inverse results of various indices.

158. Defendants violated N.C. Gen. Stat. §§ 78C-8(a)(2) and 78C-38(a) by employing an act, practice, and/or course of business which operated as a deceit upon Plaintiffs in that Defendants led clients, including Plaintiffs, to believe that every account would be managed according to Defendants' "10-20-50" rule and that Defendants would make money in any market when the "10-20-50" rule was not followed and Plaintiffs suffered substantial losses even as the market was going up.

159. Defendants' violations of N.C. Gen. Stat. §§ 78C-8 and 78C-38 constitute errors or omissions in the course of rendering or failing to render professional services to Plaintiffs for compensation in Defendants' capacity as Plaintiffs' financial adviser.

160. Defendants, through the exercise of reasonable care, could have known of the untruths and/or omissions as described herein.

161. Defendants violated North Carolina regulations, as set forth in N.C. Admin. Code. 06A.1801, by engaging in the following acts which constitute errors or omissions in the course of rendering or failing to render professional services to Plaintiffs for compensation in Defendants' capacity as Plaintiffs' financial adviser:

a. Defendants failed to make a reasonable inquiry concerning Plaintiffs' investment objectives (which may have included generating income, funding retirement, preserving wealth, or market speculation), financial situation, investment experience, investment time horizon, needs, and risk tolerance;

b. Defendants used their discretionary authority over Plaintiffs' accounts to purchase highly volatile and speculative investments without reasonable grounds to believe that the investments were suitable to Plaintiffs, these include but are not limited to the purchase of call and put options and exchange traded funds that use derivatives to seek results that are the inverse of certain indices;

c. Defendants engaged in short-term trading in Plaintiffs' accounts which was speculative and which they had no reasonable grounds to believe was a suitable investment strategy for Plaintiffs;

d. Defendants induced trading in Plaintiffs' accounts that was excessive in size and frequency in view of the financial resources, investment objectives, and character of the accounts; and

e. Defendants misrepresented to Plaintiffs the nature of the advisory services being offered as Defendants failed to properly monitor Plaintiffs' accounts and failed to follow their "10-20-50" rule.

162. Defendants further violated North Carolina regulations and breached their fiduciary duty to Plaintiffs by engaging in, *inter alia*, the acts as set forth herein which constitute errors or omissions in the course of rendering or failing to render professional services to Plaintiffs for compensation in Defendants' capacity as Plaintiffs' financial adviser.

163. As a direct and proximate cause of Defendants' conduct, Plaintiffs suffered economic loss.

164. Per N.C. Gen. Stat. § 78C-38, Defendant Goolsby is jointly and severally liable for any violations of N.C. Gen. Stat. § 78C-8 by Defendant Upham as Defendant Goolsby was a person who directly or indirectly controlled Defendant Upham, was a partner, officer, or director of Defendant Upham, and/or occupied a similar status to Defendant Upham at Defendant Empowered Investor.

165. Per N.C. Gen. Stat. § 78C-38, Plaintiffs are entitled to recover the consideration paid to Defendants for the investment advisory services, the actual losses sustained by Plaintiffs, and the costs of this action and reasonable attorneys' fees.

166. Plaintiffs are advised, informed, and believe that each of them signed an agreement with Defendants which requires the controversies set forth herein be submitted to arbitration conducted under the Rules of the American Arbitration Association with North Carolina courts retaining jurisdiction for the purpose of confirming, vacating, or modifying any arbitration award as well as resolving controversies during the arbitration proceedings.

WHEREFORE, Plaintiffs demand against Defendants, jointly and severally, as follows:

A. Compensatory damages in a sum in excess of TEN THOUSAND DOLLARS ($10,000);

B. Prejudgment interest, post-judgment interest, costs, and attorneys' fees;

C. If Plaintiffs have signed arbitration agreements, that the Court refer this matter to arbitration under the rules of the American Arbitration Association with this Court retaining jurisdiction for the purpose of confirming, vacating, or modifying any arbitration award and resolving controversies related thereto;

D. If Plaintiffs have not signed any such arbitration agreements, then trial by jury; and

E. Any further relief that the Court deems appropriate.

BAKER & SLAUGHTER, P.A.

By: _____
H. MITCHELL BAKER, III
N.C. Bar No. 6990

By: _____
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N.C. Bar No. 20318
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Attorneys for Plaintiffs

ITEM. 1 COVER PAGE FOR PART 2A OF FORM ADV: FIRM BROCHURE DATED JANUARY 11, 2012

EMPOWERED INVESTOR, INC.
1908 EASTWOOD ROAD
SUITE 320
WILMINGTON, NC 28403

FIRM CONTACT: JAMES UPHAM, CHIEF COMPLIANCE OFFICER

FIRMS WEBSITE ADDRESS: WWW.EMPOWEREDINVESTORINC.COM

This brochure provides information about the qualifications and business practices of Empowered Investor, Inc. (EI). If you have any questions about the contents of this brochure, please contact James Upham by telephone at 910-256-4344 or 910-256-4345, or email at james@empoweredinvestorinc.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

Additional information about Empowered Investor, Inc. (EI) also is available on the SEC's website at www.adviserinfo.sec.gov .

Please note that the use of the term "registered investment adviser" and description of Empowered Investor, Inc. (EI) or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firms' associates which advise you for more information on the qualifications of our firm and its employees.

EXHIBIT
A

ITEM 2. MATERIAL CHANGES TO OUR PART 2A OF FORM ADV: FIRM BROCHURE

Empowered Investor, Inc. (EI) is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

We have amended our fee schedule for our Asset Management service, and have added Stock Market Training Seminars to the services offered through our firm. We have also added a new custodian, brokersXpress LLC that will be utilized for some clients as appropriate. We have updated our firm brochure in Item 12 accordingly.

On May 1, 2011, we discontinued our wrap fee program. All clients formerly enrolled in our wrap fee program are now being managed under our Asset Management service described in Items 4 and 5 of this Brochure.

Upon request, we shall furnish the entire Form ADV Part 2A - Firm Brochure to you free of charge.

ITEM 3. TABLE OF CONTENTS:

Section: Page(s):

ITEM 4. ADVISORY BUSINESS

We specialize in the following types of services: asset management services, financial planning and consultations, and Stock Market Training Seminars. Our assets under management are $17,850,000 as of 12/19/2011.

A. Description of our advisory firm, including how long we have been in business and our principal owner(s)[1].

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a corporation formed in the State of North Carolina has been in business as an investment adviser since 2010 and is owned as follows by:

Thom Goolsby – Fifty-percent owner

James Upham – Fifty-percent owner

B. Description of the types of advisory services we offer.

(i) Asset Management:

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

[1] Please note that: (1) For purposes of this item, our principal owners include the *persons* we list as owning 25% or more of our firm on Schedule A of Part 1A of Form ADV (Ownership Codes C, D or E). (2) If we are a publicly held company without a 25% shareholder, we simply need to disclose that we are publicly held. (3) If an individual or company owns 25% or more of our firm through subsidiaries, we must identify the individual or parent company and intermediate subsidiaries. If we are a state-registered adviser, on Form ADV Part 2A Page 2, we must identify all intermediate subsidiaries. If we are an SEC-registered adviser, we must identify intermediate subsidiaries that are publicly held, but not other intermediate subsidiaries.

(ii) Financial Planning and Consultations:

We provide a variety of financial planning and consultation services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services and that our firm does not receive compensation for such referrals.

The first step in having your assets managed is developing a financial plan. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations.

For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service.

Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

(iii) Stock Market Training Seminars:

Our firm will offer training courses from time to time. The content of such courses typically include various stock market trading topics including, but not limited to the following:

- How to read a stock chart – we will give you our proprietary 3/60 EMA Chart;
- Recognize when a trade is developing;
- When and how to enter and exit trades;
- How to set up your master review list;
- Master the 10/20/50 Rule for long-term success;

- Why "consistency, simplicity and liquidity" are keys to successful trading;
- How to make money when the market is going up, down or sideways;
- Understand the market & economic calendars, trading zones and news events;
- Trade around earnings and other predictable events;
- What you can do to profit from the inflationary times ahead;
- Control your emotions with simply rules you never break;
- Make trading fun and strategies to minimize your time expenditure.

(iv) Quant Membership:

Clients who enroll in this service receive investment industry information from research based on empirical data collected on particular stock performance. Clients also receive instructional videos on how to read stock charts and weekly updates on current market conditions and upcoming known economic events. The information provided is general in nature. Membership also includes access to third party stock charting software provided by TC2000.

C. Explanation of whether (and, if so, how) we tailor our advisory services to the individual needs of clients, whether clients may impose restrictions on investing in certain securities or types of securities.

(i) Individual Tailoring of Advice to Clients:

We offer individualized investment advice to clients utilizing the following services offered by our firm: Asset Management. Additionally, we offer general investment advice to clients utilizing the following services offered by our firm: Financial Planning and Consultations.

(ii) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:

We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to the following services: Asset Management. We do not manage assets through our other services.

D. Participation in wrap fee programs.

We do not offer wrap fee programs.

E. Disclosure of the amount of client assets we manage on a discretionary basis and the amount of client assets we manage on a non-discretionary basis as of 12/19/2011.

We manage[2] $17,850,000 on a discretionary basis as of 12/19/2011.

ITEM 5. FEES AND COMPENSATION

A We are required to describe our brokerage, custody, fees and fund expenses so you will know how much you are charged and by whom for our advisory services provided to you. Our fees are generally not negotiable.

(i) Financial Planning and Consultations:

We charge on an hourly or flat fee basis for financial planning and consultation services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fees are $250 for financial advisors. Flat fees generally range from $1,000 to $2,500. Our fees can either be directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you or deducted from your advisory account custodied with either TD Ameritrade or brokersXpress account.

(ii) Asset Management:

Assets under management	Annual Percentage of assets charge*:
Up to $1,000,000	2.00%
$1,000,001 to $2,000,000	1.75%
$2,000,001 to $5,000,000	1.50%
$5,000,001 to $10,000,000	1.25%
$10,000,001 to $15,000,000	1.00%
$15,000,001 and over	Negotiable

*Our firms' fees are generally not negotiable. Further, our firms' fees are billed on a pro-rata annualized basis monthly in arrears based on the value of your account on the last day of the month.

[2] Please note that our method for computing the amount of "*client* assets we manage" can be different from the method for computing "assets under management" required for Item 5.F in Part 1A of Form ADV. However, we have chosen to follow the method outlined for Item 5.F in Part 1A of Form ADV. If we decide to use a different method at a later date to compute "*client* assets we manage," we must keep documentation describing the method we use and inform you of the change. The amount of assets we manage may be disclosed by rounding to the nearest $100,000. Our "as of" date must not be more than three months before the date we last updated our *Brochure* in response to Item 4.E of Form ADV Part 2A.

(iii) Stock Market Training Seminars:

The fee for our Seminar will be $150 when clients purchase it on our website by visiting our website, www.empoweredinvestorinc.com. Clients may also choose to purchase tickets at the door for $175.

(iv) Quant Membership:

Quant Memberships is $39.99 /month recurring billing charged to an approved credit card on the first day of service recurring on that day each subsequent month. Our firm does not charge a cancellation fee for terminated memberships.

B. Description of whether we deduct fees from clients' assets or bill clients for fees incurred.

(i) Financial Planning and Consultations:

We do not require a retainer of the ultimate financial planning or consultation fee. Financial Planning and Consulting fees are collected in arrears. No refunds will be offered after delivery of financial plans or consultation rendered. Our fees will be directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you.

(ii) Asset Management:

Our firm's fees are billed on a pro-rata annualized basis monthly in arrears based on the value of your account on the last day of the month. Fees will generally be automatically deducted from your managed account*. As part of this process, you understand and acknowledge the following:

a) Your independent custodian sends statements at least monthly to you showing all disbursements for your account, including the amount of the advisory fees paid to us;
b) You provide authorization permitting us to be directly paid by these terms;
c) If we send a copy of our invoice to you, we send a copy of our invoice to the independent custodian at the same time we send the invoice to you;
d) If we send a copy of our invoice to you, our invoice includes a legend as required by relevant state statutes and rules.**

*In rare cases, we will agree to direct bill clients.
**The legend urges the client to compare information provided in their statements with those from the qualified custodian in account opening notices and subsequent statements sent to the client for whom the adviser opens custodial accounts with the qualified custodian.

(iii) Stock Market Training Seminars:

Clients will pay for this service in advance. They can choose to pay for the ticket on the website http://www.empoweredinvestorseminar.com/, using their credit card information, or they may choose to pay cash at the door prior to the seminar. The fee shall depend on the time the ticket is purchased.

C. Description of any other types of fees or expenses clients may pay in connection with our advisory services, such as custodian fees or mutual fund expenses.

Clients will incur transaction charges for trades executed in their accounts billed by the custodian. These transaction fees are separate from our fees and will be disclosed by the billing custodian, either brokerXpress, LLC or TD Ameritrade when each trade is executed. Our firm does not collect any portion of these fees. Also, clients will pay the following separately incurred expenses, which our firm does not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

D. Client's advisory fees are due monthly in arrears.

We charge our advisory fees monthly in arrears. If you wish to terminate our services, you need to contact us in writing and state that you wish to cancel this Agreement Upon receipt of your letter of termination, we will proceed to close out your account and charge you a pro-rata advisory fee(s) for services rendered up to the point of termination. Our firm does not charge a termination fee for advisory services. The custodian may, however, charge a fee for transferring out funds and closing your account. The custodian will disclose these fees at the time of transfer. Our firm does not collect any portion of these fees.

E. Commissionable securities sales.

We do not sell securities for a commission. In order to sell securities for a commission, we would need to have our associated persons registered with a broker-dealer. We have chosen not to do so.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not charge performance fees to our clients.

ITEM 7. TYPES OF CLIENTS AND ACCOUNT REQUIREMENTS

We have the following types of clients:

- Individuals;
- Trusts, Estates or Charitable Organizations;
- Business accounts, i.e. 401(k)'s and SEP accounts.

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We do not require a minimum account balance, we instead base the suitability of our services on an evaluation of the particular financial and economic situation of each potential client.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.

Methods of Analysis:

- Charting;
- Fundamental;
- Technical;
- Cyclical.

Investment Strategies we use:

- Long term purchases (securities held at least a year);
- Short term purchases (securities sold within a year);
- Trading (securities sold within 30 days);
- Short sales;
- Option writing, including covered options, uncovered options or spreading strategies.

Please note:

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

ITEM 9. DISCIPLINARY INFORMATION

We are required to disclose whether there are legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. There are a number of specific legal and disciplinary events that we must presume are material for this Item. If our advisory firm or a management person has been involved in one of these events, we must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in our or the management person's favor, or was reversed, suspended or vacated, or (2) the event is not material. For purposes of calculating this ten-year period, the "date" of an event is the date that the final order, judgment, or decree was entered, or the date that any rights of appeal from preliminary orders, judgments or decrees lapsed.

The SEC and/or State Regulators have not provided us with an exclusive list of material disciplinary events, which need to be disclosed. If our advisory firm or a management person has been involved in a legal or disciplinary event that is not specifically required to be disclosed,

but nonetheless is material to a client's or prospective client's evaluation of our advisory business or the integrity of our management, we must disclose the event. Similarly, even if more than ten years has passed since the date of the event, we must disclose the event if it is so serious that it remains currently material to a client's or prospective client's evaluation of our firm or management.

We have determined that our firm and management have nothing to disclose under the aforementioned standard.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

We have no other financial industry activities and affiliations to disclose except for an insurance company affiliation. Mr. Upham may serve as an insurance agent. While Mr. Goolsby is an attorney and a State Senator, there is no conflict of interest as he will not act as an Investment Adviser Representative. Furthermore, we are not a broker-dealer, nor are our management person's members of one. We also have no other business arrangements which are material and have not otherwise been disclosed.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any client or prospective client upon request.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts[3]. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also

[3] For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

B. If our firm or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that our firm or a related person recommends to clients, we are required to describe our practice and discuss the conflicts of interest this presents and generally how we address the conflicts that arise in connection with personal trading.

See Item 11A of this Brochure.

C. If our firm or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for our firm's (or the related person's own) account, we are required to describe our practice and discuss the conflicts of interest it presents. We are also required to describe generally how we address conflicts that arise.

See Item 11A of this Brochure.

ITEM 12. BROKERAGE PRACTICES

A. Description of the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

1. Research and Other Soft Dollar Benefits. If we receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), we are required to disclose our practices and discuss the conflicts of interest they create. Please note that we must disclose all soft dollar benefits we receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.

   Our firm utilizes both TD Ameritrade Institutional program and brokersXpress LLC, Member FINRA, SIPC, and NFA as the custodian for some of our client accounts. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent (and unaffiliated) SEC-registered broker-dealer.

BrokersXpress and TD Ameritrade (hereinafter collectively "Custodian/Broker-Dealer") offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the program. (Please see the disclosure under Item 14 of this Brochure.)

a. Explanation of when we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, and how we receive a benefit because our firm does not have to produce or pay for the research, products or services.

When a broker-dealer provides research or other products or services in expectation of brokerage business, it generally suggests the level of business it would like to receive as compensation. In making our brokerage selections, we consider those suggestions as of part of our evaluation of the factors described above. Actual transactional business received by a particular broker or dealer during any period may be less than the suggested level, but could also exceed that level. This may be in part because the total brokerage business generated by clients exceeds the aggregate amounts requested by all brokers and dealers from which we receive services and products, and in part because the brokers and dealers that provide such services and products may also provide superior execution and may therefore be the most appropriate broker-dealers for particular transactions regardless of whether or not they provided such services and products. In other cases, a broker or dealer may establish credits based on brokerage commissions paid in the past, which may be used to pay, or reimburse our firm for specified expenses. Brokers and dealers will not be excluded from consideration of receiving brokerage business simply because they have not provided research or other services or products, although we may not have been willing to pay had the broker provided research products and services.

b. Incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving best execution.

We benefit our relationship with Custodian/Broker-Dealer. As discussed above, we execute a substantial portion of our advisory clients' brokerage transactions Custodian/Broker-Dealer. Because our expenses would likely increase considerably without this relationship with Custodian/Broker-Dealer, this relationship might be considered a "soft dollar" relationship. Under Section 28(e) of the Securities and Exchange Act of 1934, an investment adviser's use of client commission dollars to acquire research and brokerage

products and services is not a breach of an investment adviser's fiduciary duty to clients – even if the brokerage commissions paid are higher than the lowest available as long as (among certain other requirements) the investment adviser determines that the commissions are reasonable compensation for both the brokerage services and the research acquired.

Custodian/Broker-Dealer may suggest a level of future business in order to continue this relationship. Our execution of securities transactions Custodian/Broker-Dealer may be less than the suggested level but can and often does exceed that level. This relationship may create an incentive for our firm to cause you to effect more transactions Custodian/Broker-Dealer than we might otherwise do in order to meet suggested levels.

c. Causing clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).

In certain cases, we may be authorized by you to select the brokers or dealers through whom all transactions are executed for your account(s). In doing so, you acknowledge and agree that:

- if you have signed an investment advisory agreement which directs us to execute transactions for your account through particular brokers and/or dealers, the prices and/or commissions are generally set by those separate firms and disclosed through their commission or pricing schedules.

On the other hand,

- if you have not signed an investment advisory agreement which directs us to execute transactions for your account through particular brokers and/or dealers, we allocate transactions in good faith to these brokers and/or dealers for execution through markets and at prices and/or commission rates we believe are appropriate;
- we may cause your account to pay a broker or dealer an amount of commission for effecting a transaction in excess of the amount of commission another broker or dealer would have charged for effecting that transaction;
- we would determine in good faith that such amount of commission is reasonable in relation to the value of the brokerage and research services provided by the broker or dealer, viewed in terms of either the particular transaction or our overall responsibilities with respect to the accounts as to which we exercises investment discretion;
- In choosing brokers and dealers, we are not required to consider any particular criteria;
- For the most part, we seek the best combination of brokerage expenses and execution quality but each client acknowledges and agrees that we are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker or dealer provides execution quality comparable to other brokers or dealers;
- In evaluating "execution quality," historical net prices (after markups, markdowns or other transaction-related compensation) on other transactions are a principal factor.
- Additional factors are also relevant, including, without limitation: the execution, clearance, and settlement and error correction capabilities of the

broker or dealer generally and in connection with securities of the type and in the amounts to be bought or sold; the broker's or dealer's willingness to commit capital; reliability and financial stability; the size of the transaction; availability of securities to borrow for short sales; and the market for the security.

Under Section 28(e), we may make use of client commission dollars to acquire research and brokerage products and services is not a breach of an investment adviser's fiduciary duty to clients – even if the brokerage commissions are higher than the lowest available as long as the investment adviser determines, among other requirements, that the commissions are reasonable compensation for both the brokerage services and the research acquired.

In addition to execution quality, we consider the value of various services or products, beyond execution, that a broker-dealer provides to our firm. Selecting a broker-dealer in recognition of such other services and products is known as paying for those services or products with soft dollars. Because many of those services could benefit our firm, we may have a conflict in allocating client's brokerage business. Under Section 28(e), our use of client's commission dollars to acquire "research" products and services is not a breach of our fiduciary duty to clients – even if the brokerage commissions (as the term "commissions" may be interpreted from time to time by the Securities and Exchange Commission and its staff) paid are higher than the lowest available so long as (among certain other requirements) we determine that such commissions are reasonable compensation for both the brokerage services and the "research" acquired. For these purposes, "research" means services or products used to provide lawful or appropriate assistance to our firm in making investment decisions for our clients. The types of research, we may acquire include, without limitation: reports on or other information about particular companies or industries; economic surveys and analyses; recommendations as to specific securities; financial publications; portfolio evaluation services; financial database software and services; computerized news, pricing and order-entry services; quotation equipment and other computer hardware for use in running software used in investment decision making; and other products or services that may enhance our investment decision making. The Section 28(e) "safe harbor" applies to the use of a client's "soft dollars" even when the research acquired is used in making investment decisions for any of our clients, regardless of whether the "soft dollars" are a result of transactions for a particular client.

d. Disclosure of whether we use soft dollar benefits to service all of our clients' accounts or only those that paid for the benefits, as well as whether we seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

We use soft dollar benefits to service all of our client accounts, not just those which may have paid for the benefits. Due to the time and complexity involved, we have chosen not to allocate soft dollar benefits proportionately to client accounts generating soft dollar credits.

2) Brokerage for Client Referrals.

If we consider, in selecting or recommending broker-dealers, whether our firm or a related person receives client referrals from a broker-dealer or third party, we are required to disclose this practice and discuss the conflicts of interest it create.

Our firm does not receive brokerage for client referrals.

3) Directed Brokerage.

a. If we routinely recommend, request or require that a client directs us to execute transactions through a specified broker-dealer, we are required to describe our practice or policy. Further, we must explain that not all advisers require their clients to direct brokerage. If our firm and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, we are further required to describe the relationship and discuss the conflicts of interest it presents by explaining that through the direction of brokerage we may be unable to achieve best execution of client transactions, and that this practice may cost our clients more money.

In certain instances, clients may seek to limit or restrict our discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Clients may seek to limit our authority in this area by directing that transactions (or some specified percentage of transactions) be executed through specified brokers in return for portfolio evaluation or other services deemed by the client to be of value. Any such client direction must be in writing (often through our advisory agreement), and may contain a representation from the client that the arrangement is permissible under its governing laws and documents, if this is relevant.

We provide appropriate disclosure in writing to clients who direct trades to particular brokers, that with respect to their directed trades, they will be treated as if they have retained the investment discretion that we otherwise would have in selecting brokers to effect transactions and in negotiating commissions and that such direction may adversely affect our ability to obtain best price and execution. In addition, we will inform you in writing that your trade orders may not be aggregated with other clients' orders and that direction of brokerage may hinder best execution.

Special Considerations for ERISA Clients

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are

not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

b. If we permit a client to direct brokerage, we are required to describe our practice. If applicable, we must also explain that we may be unable to achieve best execution of your transactions. Directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices on transactions.

See Item 12A (3) of this Brochure.

B. Discussion of whether, and under what conditions, we aggregate the purchase or sale of securities for various client accounts in quantities sufficient to obtain reduced transaction costs (known as bunching). If we do not bunch orders when we have the opportunity to do so, we are required to explain our practice and describe the costs to clients of not bunching.
We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are effected only when we believe that to do so will be in the best interest of the affected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

ITEM 13. REVIEW OF ACCOUNTS OR FINANCIAL PLANS

A. Review of client accounts or financial plans, along with a description of the frequency and nature of our review, and the titles of our employees who conduct the review.

We review accounts on at least a quarterly basis for our clients subscribing to the following services: Asset Management. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews.

Financial planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

B. Review of client accounts on other than a periodic basis, along with a description of the factors that trigger a review.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

C. Description of the content and indication of the frequency of written or verbal regular reports we provide to clients regarding their accounts.

We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least a quarterly basis when we meet with clients who subscribe to our Asset Management service.

As mentioned in Item 13A of this Brochure, financial planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

A. If someone who is not a client provides an economic benefit to our firm for providing investment advice or other advisory services to our clients, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

As disclosed under Item 12 of this Brochure, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our Clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our firm's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our firm's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage

transactions directed to TD Ameritrade. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our firm's choice of TD Ameritrade for custody and brokerage services.

B. If our firm or a related person directly or indirectly compensates any person who is not our employee for client referrals, we are required to describe the arrangement and the compensation.

We do not utilize independent solicitors.

ITEM 15. CUSTODY

A. If we have custody of client funds or securities and a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules (for example, a broker-dealer or bank) does not send account statements with respect to those funds or securities directly to our clients, we must disclose that we have custody and explain the risks that you will face because of this.

State Securities Bureaus or their equivalent generally take the position that any arrangement under which a registered investment adviser is authorized or permitted to withdraw client funds or securities maintained with a custodian upon the adviser's instruction to the custodian is deemed to have custody of client funds and securities.

As such, we have adopted the following safeguarding procedures:

(1) Our clients client must provide us with written authorization permitting direct payment to us of our advisory fees from their account(s) maintained by a custodian who is independent of our firm;
(2) We must send a statement to our clients showing the amount of our fee, the value of your assets upon which our fee was based, and the specific manner in which our fee was calculated;
(3) We must disclose to you that it is your responsibility to verify the accuracy of our fee calculation, and that the custodian will not determine whether the fee is properly calculated; and
(4) Your account custodian must agree to send you a statement, at least quarterly, showing all disbursements from your account, including advisory fees.

B. If we have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to our clients, we are required to explain that you will receive account statements from the broker-dealer, bank, or other qualified custodian and that you should carefully review those statements.

We do not have custody but encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you

independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

ITEM 16. INVESTMENT DISCRETION

If we accept discretionary authority to manage securities accounts on behalf of clients, we are required to disclose this fact and describe any limitations our clients may place on our authority. The following procedures are followed before we assume this authority:

Our clients need to sign a discretionary investment advisory agreement with our firm for the management of their account. This type of agreement only applies to our Asset Management clients. We do not take or exercise discretion with respect to our other clients.

ITEM 17. VOTING CLIENT SECURITIES

A. If we have, or will accept, proxy authority to vote client securities, we must briefly describe our voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6.

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy vote or other solicitation.

ITEM 18. FINANCIAL INFORMATION

A. If we require or solicit prepayment of more than $500 in fees per client, six months or more in advance, we must include a balance sheet for our most recent fiscal year.

We do not require nor do we solicit prepayment of more than $500 in fees per client, six months or more in advance, therefore we have not included a balance sheet for our most recent fiscal year.

B. If we are a State-registered adviser and have discretionary authority or custody of client funds or securities, or we require or solicit prepayment of more than $500 in fees per client, six months or more in advance, we must disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

We have nothing to disclose in this regard.

C. If we have been the subject of a bankruptcy petition at any time during the past ten years, we must disclose this fact, the date the petition was first brought, and the current status.
We have nothing to disclose in this regard.

If we are registering or are registered with one or more state securities authorities, we must respond to the following additional Item.

ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

A. Identification of each of our principal executive officers and management persons, and description of their formal educations and business backgrounds.

James Upham

YOB: 1975

Full Education Background:
Taylor University. Ft. Wayne, Indiana. December, 1999. BS.
Taylor University, Ft. Wayne Indiana. January, 2006. MBA

Licensing:
Series 7 05/10/2008
Series 66 05/23/2008
Insurance Licenses: Variable Life & Variable Annuity (10/24/2008), Accident & Health or Sickness (08/27/2008), Life (09/25/2008)

Business Background for the last 5 years:

11/2010-Present. Empowered Investor, Inc. NC. Vice President and Chief Compliance Officer
12/2011-Present. Voting member of the North Carolina Economic Investment Committee
03/2008- 08/2010. Wachovia Securities. Wilmington, NC. Financial Advisor
01/2007-03/2008 Upham Marketing. Wilmington NC. President
01/2001-10/2006. Bee-Dazzled, Inc. Wilmington, NC. President
01/2006- Present. Cape Fear Community College. Wilmington, NC. Professor

Thom Goolsby

YOB: 1961

Full Education Background:
The Citadel. Charleston, SC. BA
Golden Gate University. San Francisco, CA, MBA
University of North Carolina School of Law. Chapel Hill, NC. Doctorate in Jurisprudence

Business Background for the last 5 years:
2011-Present, North Carolina State Senate, District 9. Senator
2010-Present, Empowered Investor, Inc., Wilmington, NC. President
2009 – Present. Carolina Talk Network, Inc., Wilmington, NC. CEO and Publisher

1994 – Present. Campbell University School of Law, Adjunct Faculty, Buies Creek, NC. Professor of Law.
1993 – Present. Goolsby Law Firm. Wilmington, NC. Trial Attorney, Owner and Manager.

Licensing & Other Designations:
International Bar Association
International Association of Penal Law
North Carolina State Bar, License Number: 18698
Marine Corps League

B. Description of any business in which we are actively engaged (other than giving investment advice) and the approximate amount of time spent on that business.

Mr. Upham is also a licensed insurance agent with various insurance companies/agencies. He may receive the normal commissions for non-variable insurance sales in his separate role as an insurance agent. Insurance sales constitute no more than 10% of Mr. Upham's time.

C. In addition to the description of our fees in response to Item 5 of Part 2A, if our firm or a supervised person is compensated for advisory services with performance-based fees, we must explain how these fees will be calculated. Further, we must disclose specifically that performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

We do not charge performance-based fees.

D. If our firm or a management person has been involved in one of the events listed below, we must disclose all material facts regarding the event.

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of $2,500, involving any of the following:

(a) an investment or an investment-related business or activity;
(b) fraud, false statement(s), or omissions;
(c) theft, embezzlement, or other wrongful taking of property;
(d) bribery, forgery, counterfeiting, or extortion; or
(e) dishonest, unfair, or unethical practices.

We have nothing to disclose in this regard.

2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

(a) an investment or an investment-related business or activity;
(b) fraud, false statement(s), or omissions;
(c) theft, embezzlement, or other wrongful taking of property;
(d) bribery, forgery, counterfeiting, or extortion; or
(e) dishonest, unfair, or unethical practices.
We have nothing to disclose in this regard.

E. In addition to any relationship or arrangement described in response to Item 10.C. of Part 2A, we must describe any relationship or arrangement that our firm or any of our management persons have with any issuer of securities that is not listed in Item 10.C. of Part 2A.

We have nothing to disclose in this regard.

TD Ameritrade | Charles Schwab

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SIMPLICITY. LIQUIDITY. CONSISTENCY.

THAT MEANS...

- **No** mutual funds
- **No** annuities
- **No** complicated financial instruments

We invest in the stock market, treating your money like it was our own and keeping it working for YOU whether the market is moving up, down, or sideways.

When you invest with us, you will know that we are ACTIVELY managing your account and not sending it off for others to oversee at your expense!

Consider this.

- On 8/8/11 the Dow loses over 600 points
- On 8/9/11 the Dow gains over 400 points
- On 8/10/11 the Dow loses over 500 points
- On 8/11/11 the Dow gains over 300 points
- On 8/12/11 The Dow....

And it goes on and on, especially at certain times of year.

Now, consider this for a moment. Since most mutual funds sell at what is cleverly called Net Asset Value (NAV), you have to wait until the **end of the day**, or sometimes even the **end of the month or quarter** before your position will be sold!!! So, if you tried to sell in the morning on 8/8/11 when the Dow was just beginning its sell off, **you would have to wait until the end of the day or later before you are sold at the price the fund determines your shares are worth in the market!** And, over 600 points lost later, you would be sold at market! Wow. So, as you can tell, we here at Empowered Investor believe that these types of instruments do not give you the same type of liquidity, nor do they work best for you. Most often they work best for the fund company, but it's your money. Start having your money work for you today!

Wow. So, as you can tell, we here at Empowered Investor believe that these types of instruments do not give you the same type of liquidity, simplicity, or consistency that buying direct in the market offers you. We buy and sell for you and manage your account for you and do not trust or rely on the fund manager. We have no proprietary fund relationships. There are no agreements with any company whatsoever that will pay us for pushing their funds on our clients. You have no worries in trying to understand a Mutual Fund prospectus or other little "catches" often within an Annuity. And, isn't it nice to know that there are **no surrender penalties on what we invest for you?** This type of business practice helps us to ensure that we are continually placing our clients needs first.

Empowered Investor believes that buying direct for you and maintaining simplicity, liquidity and constancy is the right path for all investors!

EXHIBIT

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SIMPLICITY. LIQUIDITY. CONSISTENCY.